

Message Text

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20

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 RSC-01 /019 W

----- 037995

P R 300400Z NOV 74

FM AMEMBASSY JAKARTA

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 5481

AMCONSUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMCONSUL SYDNEY

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

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DEPT PASS EXIM

STATE FOR EA/IMS GEBER

USDOC FOR BIC/OED/MEPD

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJ: SUGAR MILL CONSTRUCTION

REF: A. JAKARTA 13378

B. STATE 249380 (NOTAL)

1. EMBASSY CONTACTED BY P. ANDARIA OF P.T. KIAGOOS WHICH REPRESENTS DORR-OLIVER INC. CANE SUGAR DIVISION, WESTERN STATES MACHINERY CO. CENTRIFUGES, JAKUZZI PUMPS, AND OTHER U.S. SUGAR EQUIPMENT MANUFACTURERS. ANDARIA SAID FOLLOWING TELEX SENT BY BKU-PNP (GOI DIRECTORATE GENERAL FOR EXTATES) TO ABOUT NINE EUROPEAN SUGAR MACHINERY/ EQUIPMENT MANUFACTURERS (U.S. FIRMS SPECIFICALLY UNCLASSIFIED

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EXCLUDED):

"JAKARTA, 26 NOVEMBER, 1974

AA. BEGINNING 1975 THE INDONESIAN GOVERNMENT START TO ESTABLISH 6 NEW SUGAR CANE FACTORIES. EACH SUGAR CANE PROJECT CONSISTING OF:

1. ERECTION OF CANE UNIT SUGAR CANE FACTORY WITH DAILY CAPACITY FOUR THOUSAND TCD EXTENDABLE TO SIX THOUSAND TCD AND SIX THOUSAND TCD EXTENDABLE TO EIGHT THOUSAND TCD, ADOPTED TO LOCAL CONDITIONS, PLANTATION WHITE/RAW SUGAR AND FINAL MOLASSES AS END PRODUCTS.

2. CANE FIELD DEVELOPMENT SUITABLE FOR FULL OR HALF FULL MECHANIZED CANE FIELDS OF SIX THOUSAND TO TEN THOUSAND HA.

BB. REQUIRED MACHINERY AND EQUIPMENT CONSISTING OF:

1. MACHINERIES AND EQUIPMENT FOR SIX COMPLETE SUGAR CANE FACTORIES, INCLUDING STEEL STRUCTURE AND OTHER MATERIALS ACCORDING ITEM AA. 1.

2. EQUIPMENT FOR ERECTION.

3. EQUIPMENT FOR ROAD BUILDING.

4. EQUIPMENT FOR FACTORY BUILDING, HOUSING AND OTHER BUILDINGS.

5. EQUIPMENT FOR CANE FARMING, CANE CULTIVATIONS. OF GREEN CANE FROM FIELD TO THE FACTORY, AND CANE BULK HANDLING TO THE MILL.

CC. PLEASE SEND US SOONEST WITHIN THIS WEEK YOUR CONFIRMATION OF ABILITY AND INTEREST CONCERNING FOLLOWING ALTERNATIVES:

1. DELIVERY OF MACHINERY AND EQUIPMENT FOR A COMPLETE CANE SUGAR FACTORY ACCORDING ITEM AA 1. WITH TIME OF DELIVERY. NOTE: OFFERS OF TWO DIFFERENT CAPACITIES ARE EXPECTED SEE ITEM AA 1.
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2. DELIVERY OF MACHINERY AND EQUIPMENT FOR A COMPLETE CANE SUGAR FACTORY ITEM AA 1 AND ERECTION OF IT ON TURNKEY BASIS, REQUIRED TIME OF DELIVERY AND ERECTION UNTIL FIRST TRIAL OPERATION.

3. DELIVERY OF MACHINERY AND EQUIPMENT FOR A COMPLETE CANE SUGAR FACTORY AND FOR FIELD DEVELOPMENT SUITABLE FOR A FULL OR HALF FULL MECHANIZED CANE FIELD OPERATIONS OF SIX THOUSAND TO TEN THOUSAND HECTARES ACCORDING ITEM AA 1 AND AA 2.

4. DELIVERY OF MACHINERY AND EQUIPMENT FOR A COMPLETE SUGAR FACTORY ITEM AA 1 AND AA 2, ERECTION OF

THE FACTORY AND DEVELOPMENT OF SIX THOUSAND TO TEN THOUSAND HECTARES OF LAND MADE SUITABLE FOR CANE FIELD, MECHANICA OPERATION, AND THE FULL MANAGEMENT OF THE PROJECTS UNTIL 2 YEARS AFTER START OF FACTORY OPERATION.

5. WITHIN THE COMPLETE TURNKEY ARRANGEMENT ABOVE, TRAINING AND UPGRADING OF INDONESIAN PERSONNEL SHALL BE INCLUDED SO THAT MAXIMUM TWO YEARS AFTER START OF OPERATION SUCH PERSONNEL IN THE POSITION TO TAKE OVER EFFICIENTLY.

6. FOR YOUR INFORMATION PROCUREMENTS OF PROJECTS ABOVE MENTIONED WILL BE FINANCED OUT OF BUYER'S CREDITS TO BE ARRANGED BETWEEN THE INDONESIAN GOVERNMENT AND BANKS USING EXPORT CREDIT FACILITIES FROM RE YECTIVE COUNTRIES OF THE SUPPLIERS ORIGIN.

7. IF YOU ARE IN THE POSITION, KINDLY SUBMIT ALSO PRICE IDEA. IF NECESSARY FURTHER INFORMATION THROUGH DISCUSSION CAN BE MADE AVAILABLE IN JAKARTA.

8. YOU ARE INVITED AS ONE OF NINE FIRMS FROM SEVERAL COUNTRIES TO SUBMIT ABOVE PROPOSAL WHICH COULD FORM THE BASIS FOR FURTHER NEGOTIATION AND ULTIMATELY FOR A CONTRACT WITH THE REPUBLIC OF INDONESIA. ALL CORRESPONDENCE AND NOTIFICATION SHALL BE UNCLASSIFIED

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ADDRESSED TO MR. M. SATAR LOEBIS, SENIOR ASSISTANT FOR DEVELOPMENT AND PROJECTS, GOVERNMENT OWNED ESTATE ENTERPRISES (BKU-PNP) JL. S. PARMAN 73/SLIPI, JAKARTA P.O. 392/JAKARTA CABLE ADDRESS: KEBUNNEGARA JAKARTA."

NOTE BY OCT: NOT PASSED EXIM.

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ACTION EA-10

INFO OCT-01 ISO-00 EB-07 RSC-01 /019 W
----- 039014

P R 300400Z NOV 74
FM AMEMBASSY JAKARTA
TO USDOC WASHDC PRIORITY
INFO SECSTATE WASHDC 5482
AMCONSUL HONG KONG
AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE
AMCONSUL SYDNEY
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMCONSUL MEDAN
AMCONSUL SURABAYA

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2. AFTER LEARNING OF ABOVE TELEX ANDARIA WENT TO SATAR LOEBIS (WHO HANDLES ESTATES FOR ALL PRODUCTS AND THEREFORE OUTRANKS IR. SOETJIPTO WITH WHOM EMBASSY HAS BEEN DEALING.) ANDARIA ASKED LOEBIS ABOUT TELEX AND POSSIBLE U.S. PARTICIPATION. LOEBIS SAID GOI NOW DEEPLY CONCERNED ABOUT FUTURE SUGAR SHORTAGES AND THAT MINISTER WIDJOJO HAD INSTRUCTED BKU-PNP TO ACCELERATE SUGAR PROGRAM. THUS TATE AND LYLE NOW PLAN COMPLETE FEASIBILITY STUDY BY MARCH, 1975 INSTEAD OF JUNE AS REPORTED REF A. IN ORDER PREPARE LIST POTENTIAL BIDDERS CAPABLE IMPLEMENTING PROJECT, BKU-PNP ISSUED ABOVE INVITATION FOR EXPRESSIONS OF INTEREST. APPARENTLY LOEBIS ACCEPTED SOETJIPTO'S JUDGMENT THAT BEST APPROACH IS PACKAGE DEAL FROM MAJOR EQUIPMENT MANUFACTURER AND SOETJIPTO'S VIEW THAT LIST SUBMITTED BY U.S. EMBASSY FAILED RPT FAILED INCLUDE EQUIPMENT MANUFACTURERS CAPABLE HANDLING WHOLE PROJECT. THEREFORE TELEX NOT RPT NOT SENT ANY U.S. FIRMS. ANDARIA ASKED IF HE COULD APPROACH U.S. EMBASSY AND WHETHER U.S. EQUIPMENT FIRM'S INTERESTED IN WHOLE PACKAGE COULD STILL APPLY. LOEBIS UNCLASSIFIED

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REPLIED YES TO BOTH QUESTIONS.

3. ANDARIA SAYS THAT DESPITE ARGUMENTS FAVORING DESIGN/CONSTRUCTOR APPROACH, BKU-PNP APPEARS DETERMINED GO EQUIPMENT SUPPLIER'S TOTAL PACKAGE ROUTE. HE ADDS THAT EVEN MOST EUROPEAN FIRMS WILL HAVE TO ASSEMBLE CONSORTIUM TO HANDLE FULL RANGE EQUIPMENT REQUIRED, AND THAT IF U.S. WANTS PARTICIPATE, WE HAD BETTER COME UP WITH SIMILAR EQUIPMENT MANUFACTURER-LED CONSORTIUM IN HURRY. HE ALSO SUPPLIED EMBASSY WITH LIST (INTERNATIONAL SUGAR MAGAZINE, JULY 1973) SHOWING AT LEAST TWO U.S. FIRMS HE THINKS ARE CAPABLE PUTTING TOGETHER CONSORTIUM PACKAGE: CF&I ENGINEERS, INC., 3309 BLAKE ST., DENVER, COLORADO, TEL: 303-623-0211, TELEX: 45-567; AND FULTON IRON WORKS COMPANY (SUBSIDIARY KATY INDUSTRIES) 3844 WALSH ST., ST. LOUIS, MO., TEL: 314-752-2400, TELEX: 44-2381.

4. ACTION REQUESTED: ANDARIA PARTICULARLY INTERESTED

IN COLLABORATING WITH FULTON AND SUGGESTS FULTON ASK
HAWAIIAN AGRONOMICS OF HONOLULU (TEL: 808-536-4461,
TELEX: RCA-723326) ARRANGE FOR MANAGEMENT AND DESIGN/
CONSTRUCTION COMPONENTS OF PACKAGE PLUS MAKE ROUGH
COST ESTIMATE. EMBASSY REQUESTS MEPD CONVEY ALL
ABOVE IMMEDIATELY TO MR. MILLER AT FULTON AND
SUGGEST IF INTERESTED THAT HE CONTACT ANDARIA DIRECTLY
AT P.T. KIAGOOS IN JAKARTA, PHONE: 582377-8, TELEX;
MASAYU DKT 4247.

5. EMBASSY ALSO URGENTLY REQUESTS MEPD CONTACT OTHER MANUFACTURING
AND ENGINEERING FIRMS WHICH MAY BE CAPABLE ORGANIZING
MANUFACTURER-LED CONSORTIUMS TO OFFER PACKAGE
PROPOSALS TO BKU-PNP. NAMES SUCH FIRMS MIGHT BE
DRAWN FROM: A) SUGAR TRADE MAGAZINE MENTIONED REF B; B)
FOLLOWING MANUFACTURER NAMES PREVIOUSLY SUBMITTED
SOETJIPTO (DESPITE HIS DISCLAIMER SITED ABOVE):
BLAW-KNOX, WHITE CONSOLIDATED INDUSTRY, ILLINOIS
CENTRAL INDUSTRIES, FULTON IRON, AND FARRELL COMPANY;
C) FOLLOWING ENGINEERING FIRMS WHICH HAVE VISITED OR
OTHERWISE CONTACTED SOETJIPTO: KAISER ENGINEERS,
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RALPH M. PARSONS, LANG ENGINEERING, BECHTEL, PROCON.

6. ANY EXPRESSIONS OF INTEREST SHOULD BE MADE BY
EQUIPMENT MANUFACTURER (NOT ENGINEERING FIRM) AND SHOULD
STATE THAT FIRM CAN OFFER COMPLETE PACKAGE MEETING
REQUIREMENTS OF ONE OR MORE ALTERNATIVES SUGGESTED
TELEX INVITATION. SOME ROUGH ESTIMATE OF PRICE SHOULD
BE INCLUDED, HOWEVER NOTIONAL THEY MAY BE AT THIS
TIME. WE EXPECT ALL ASPECTS SUGAR INVITATION
WILL REMAIN NEGOTIABLE, ESPECIALLY VAGUE ONE
WEEK DEADLINE. CLEARLY, MOST IMPORTANT THING AT
THIS POINT IS SOME EXPRESSION (AS QUICKLY AS
POSSIBLE) OF ABILITY AND INTEREST IN PROJECT, SO
THAT INTERESTED U.S. FIRMS WILL NOT RPT NOT BE
EXCLUDED FROM FUTURE BIDDERS LIST. SUBMISSION SHOULD ALSO
INDICATE WILLINGNESS ASSIST GOI APPLY FOR "EXPORT CREDIT FACILITIES"
MENTIONED PARA. CC.6 OF BKU-PNP TELEX.
TOUSSAINT

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
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HONG KONG
KUALA LUMPUR
SINGAPORE
SYDNEY
TAIPEI
TOKYO

MEDAN
SURABAYA

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